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PM/DTCC FRO BLUE LANTERN COORDINATOR TWATKINS

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [IS](#) [TH](#)
SUBJECT: BLUE LANTERN CHECK ON POSSIBLE F100 ENGINE
TRANSFER FROM THAILAND TO ISRAEL

REF: SECSTATE 127228

¶1. On August 3 and 10, POL FSN met with Thai Aviation Industries (TAI) Logistics Department Director, Air Vice Marshall Thawon Mailson to discuss this Blue Lantern case. On August 10, POL FSN also met with Mr. Phonchet Likhiththanasombat, Director of the Government Policy Promotion Section, Office of Small and Medium Enterprises Promotion, Ministry of Industry. On August 3 and 15, POL FSN met with Group Captain Santichai Phatklap, Director of Engineering Supply Division at the Royal Thai Air Force's (RTAF) Directorate of Aeronautical Engineering.

¶2. Answers to Reftel questions follow:

¶Q. How did the RTAF acquire these F-16 aircraft and F-100 engines?

¶A. The RTAF has procured 59 F-16 in five separate shipments. 58 of these planes are deemed airworthy. The first four shipments were procured via FMS in 1988, 1991, and the mid 1990's. Shipment 5, which included 7 aircraft, was arranged via FMS as a transfer of aircraft from the Singaporean Air Force in 2004. RTAF has never procured F-16s commercially. RTAF contracts engine repair work through TAI.

¶Q. Have any F-100 engines been transferred to BSEL in Israel for repair? If so, when and under what authority?

¶A. Yes, as follows:

¶1. Fan Drive P/N 4067223-800
--S/N L010405
--S/N L011169
--S/N L010420
--S/N L001594

¶2. Inlet P/N 4081821-800
--S/N F010419
--S/N F010442

All six modules were sent to BSEL in July 2004 and all, except S/N L011169 have already been returned to Thailand. The latter part is scheduled to return in late August 2004.

Representatives from DSCA and JUSMAGTHAI visited TAI in 2004 to investigate this matter. At that time, TAI and RTAF were fully cooperative. RTAF and TAI acknowledged their mistake in permitting this repair work to be undertaken without USG approval in letters dated September 20, 2005.

¶Q. What is the precise role of TAI in this transaction? Please elaborate on the relationship between TAI and the RTAF.

¶A. TAI was set up in 2003 under the authority of a Royal

Thai Government Cabinet Resolution dated September 23, 2003 to separate, privatize and modernize the RTAF's maintenance and logistics capabilities. TAI is a joint investment between the RTAF (owner of 49 percent of shares) and the Office of Small and Medium Enterprises Promotion, Ministry of Industry (owner of 51 percent of shares). Approximately one half of the company executives are RTAF officers seconded to TAI. The others are from the Ministry of Transport. The company plans to be listed on the Thailand Securities Exchange soon and might be tasked by the Royal Thai Government to supervise civilian aircraft maintenance at Bangkok's soon-to-be-opened Suwannaphum Airport. TAI is listed with the Ministry of Commerce:

Registration Number 0105546131801

Registered Date 31 October 2003

Company Executives;

--Air Chief Marshal Chalit Phukphasuk (RTAF CINC)

--Air Marshal Sitthiphon Chaiyalak (Retired RTAF)

--Air Marshal Manit Saphanthuphong (Deputy Commander of Air Support Command, RTAF)

--Air Vice Marshal Supphason Kesonmala (Director of Aeronautical Engineering, RTAF)

--Mr. Chalo Kotcharat (Deputy Permanent Secretary, Ministry of Transport)

--Mr. Prasong Thiennu (DDG, Ministry of Transport)

--Mrs. Chittraphon Techachan (DG Ministry of Industry)

--Mr. Phonchet Likhitthanasombat (Director, Ministry of Industry)

--Mr. Wanchai Phalothaithakoeng (Member of the Executive Committee of the Ministry of Industry)

Capital Registration: 100 million baht

Location 171, Building No. 4465, Equipment Maintenance Division, Phaholyothin Road, Sikan SubDistrict, Don Muang District, Bangkok

(NOTE: Our interlocutors pointed out that Former Defense Ministry Sumpan Boonyanan had sent a letter dated March 10, 2005 to PM/RSAT requesting the USG recognize TAI as a legal representative of the Royal Thai Armed Forces. TAI itself sent a second letter to PM/RSAT dated September 20, 2005 apologizing for its unintentional violation of U.S. regulations and again requesting TAI be recognized as a legal representative of the Royal Thai Armed Forces. Neither letter has been answered. END NOTE).

Q. What is the background of Thailand's relationship with BSEL. How did TAI end up seeking BSEL's services for repair of its F-100 engines?

A. RTAF has used BSEL to perform maintenance work for over ten years. In the past, RTAF maintenance contracts were conducted via FMS. However, after the privatization of RTAF maintenance and logistics work, the maintenance contract has been performed on a private company (TAI) to private company (BSEL) basis. BSEL services were selected based on cost and proven reliability.

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